I-77 Managed Lanes Frequently Asked Questions

What are managed lanes?

Managed lanes are limited-access lanes that allow eligible carpoolers of three or more occupants, transit vehicles, motorcycles and emergency vehicles to use the lane free of charge. Vehicles that don't meet the requirements for free access will pay a fee. Toll fees will vary depending on the time of day and traffic volume (value pricing).

How do managed lanes work?

Managed lanes operate using an electronic tolling system that relies on video cameras and transponders to collect tolls. There are no toll plazas and no stopping. Motorists will see signs noting the toll rate and have the option to move into the managed lane, or remain in the free general purpose lanes. Eligible carpools, vanpools, and other transit and emergency vehicles can drive for free in the managed lane.

How will users pay to use a managed lane?

Drivers who wish to use the lanes are asked to set up a pre-paid account and purchase a transponder from which the tolls are automatically deducted. This is the same method currently used on the Triangle Expressway in Raleigh, which is called NC Quick Pass. The exact method for toll collection on I-77 hasn't been decided at this point.

What is a transponder?

A transponder is a radio frequency identification device, about the size of a credit card. Attached to the inside of a vehicle's windshield, it emits a signal to readers attached to overhead toll gantries, which charges the toll to the user's account.

What are "HOT2+" and "HOT3+"?

The term "HOT" with a number after it refers to the minimum number of occupants, including the driver, that a vehicle must have to travel the managed lane free of charge. For example, a managed lane designated as "HOT2+" allows vehicles with two or more occupants to use the managed lane(s) without charge.

What is value pricing?

Value pricing is a way of charging tolls for using designated lanes depending on the time of day and overall traffic congestion. When managed lanes become too congested, the price will increase, which reduces the number of cars entering the lane, which helps maintain reliable travel times. Toll prices will be higher during peak periods, when demand is greater and lower during less congested periods. Once a driver enters the managed lane, the price of that driver's trip is fixed and will not change over the duration of that trip.

Aren't tolls just another tax?

No. Unlike taxation, only drivers who use a managed lane will be charged. Motorists are given the option to pay to use the managed lane if better mobility and more reliable travel times are desired. The driver may choose to pay the toll and use the managed lane or use the general purpose lanes without charge.

What will be the average price to use the managed lanes?

The price of the I-77 managed lanes at a specific location and point in time will be dynamically adjusted depending on consumer demand, rates of speed and overall congestion. The specific price range and conditions for adjusting the price will be determined by the project partners, based on detailed traffic forecasts and project goals.

Aren't managed lanes only for the wealthy?

Research from other states with managed lanes shows that they are used by people of all income levels. The decision to use a managed lane is based more on the individual's needs and current traffic conditions rather than on income levels. For example, managed lanes can offer more reliable travel times for parents picking up their children from daycare, for travelers running late for a flight or for workers driving to a meeting.

How will toll collection be enforced and how will the revenues be used?

Federal law requires us to have a monitoring and enforcement plan for managed lanes. Typically, managed lanes are monitored using the latest technology in video tolling enforcement systems, along with visual patrols from law enforcement. Motorists will be considered violators and subject to penalty if they do not meet occupancy requirements and fail to pay the toll. If a driver doesn't pay the toll, NCDOT can ultimately place a hold on the vehicle's registration. The registration cannot be renewed until the fee is paid. Revenues will be used first to defray costs of construction, operations, maintenance and financing. Secondly, they will deliver a reasonable rate of return to private sector investors.

Since there's no limit on toll prices, won't managed lanes gouge commuters?

Federal law requires managed lanes to be priced so the lanes maintain an average peak period speed of 45 miles an hour or better. Whether NCDOT or a third party operates the managed lanes, they must abide by this law. Charging too much can result in fewer paying customers. Keeping tolls reasonable will increase the number of paying customers, encouraging better traffic conditions in the general purpose lanes. However, if tolls are too low, the number of drivers in the managed lanes may increase congestion, which will reduce the ability for the managed lanes to provide reliable travel time, lowering the value to paying customers. Customers will stop using the lanes, which can result in less revenue.

In the end, the managed lane is providing a service to the customer; if the tolls gouge the customer, it loses money.

Won’t managed lanes increase congestion instead of relieving it?

No. The I-77 managed lanes project will improve traffic congestion in the corridor by providing travelers in the general purpose lanes a choice to either continue traveling in the general purpose lanes, or pay a toll to travel in the managed lanes. The additional capacity and choice is naturally anticipated to have a beneficial impact on relieving traffic in the general purpose lanes. Federal law requires almost all managed lane applications be built with the intent of adding new capacity. This is capacity that wouldn’t otherwise have existed without the project. Whenever new capacity is added, it reduces the severity of congestion across all lanes of travel. How long and to what extent the congestion is reduced depends on many factors, including, population and travel growth over time, improvements to other corridors in the area and any unanticipated demand. With managed lanes, a certain level of performance must be met so the new lane doesn’t become congested as soon as it’s built. There is no such certainty with general purpose lanes.

Do managed lanes cost a lot more than general purpose lanes once you factor in operating costs, other improvements and profits?

The capital costs for constructing managed lanes will generally be higher (we estimate about 10%) than that of general purpose lanes because of electronic systems, lane separations and signage specifically for them.

When it comes to operating costs, toll revenues fully fund operating and maintenance costs for managed lane facilities across the country. Without that revenue, the cost to maintain travel lanes would be paid for by motor fuel taxes. Also, managed lanes are able to generate revenue above operations and maintenance costs, which can help a private partner recoup their significant financial investment in the design and construction of the project.

In addition, continuing to add general purpose lanes does nothing to change how we commute. Continued growth in the area will increase congestion, and it isn’t feasible to keep adding general purpose lanes, because we’re running out of room to build them. Adding managed lanes provides an incentive to change how we commute by encouraging car-pooling and the use of buses, which can reduce the need for additional capacity in the future.

Won’t managed lanes hurt our ability to improve connectivity over time? Why not just build more lanes?

The ability to improve north-south connectivity over the next 50 years is naturally restricted by the available right-of-way in the corridor. We simply do not have room to build more. This project places no restrictions on our ability to build in the corridor. However, if we were to build more general purpose lanes that negatively impact the revenues of the private developer, then we have to pay the developer for that loss.

Why build the project as a Private-Public Partnership?

Partnership with an investor enables us to transfer substantial risks to the private sector in the areas of design, construction, operations, maintenance, tolling and revenue, while adding roadway capacity in the near-term without the need for a large financial investment that would prevent us from working on other badly needed projects.

How did the bidding process turn out and what is the DOT's financial contribution to the project?

Four potential bidders were shortlisted and participated in more than 70 intensive, one-on-one meetings with NCDOT. These meetings helped us produce several drafts of the final contract documents. These documents lay out the instructions for bidding, the design, construction, and maintenance performance requirements and the overarching agreement. They reflect the minimum contract requirements and the public protections that we require (e.g. bonding, insurance, termination rights, revenue sharing, etc.)

In addition, we stated that the maximum contribution from traditional state funding would be capped at $170 million.

Each of the four bidders conducted exhaustive analyses to determine if they could meet these contract requirements while ensuring that the long term contract would generate enough revenue to offset their initial investment.

Bidders requested varying amounts of additional state and federal funding beyond the $170 Million, and/or requested that a multitude of the contract requirements be relaxed. We determined that the $170 million public contribution was reasonable and the public protections in place in the contract were prudent. The cap would not be increased.

Bids were due on March 31, 2014 and one bidder submitted a compliant technical proposal and financial proposal. The proposals were subjected to roughly 200 pass/fail criteria and further evaluation of the relative merits of their technical proposal.

The apparent best value proposer was announced on April 11, 2014 as Cintra Infraestructures. Cintra proposed a total project investment of $655 million, of which only $88 million is the NCDOT contribution (less than the projected $170 million contribution).

Is it true that a foreign company will own the road?

NCDOT retains ownership of the roadway and project, and ensures the private partner maintains performance specifications set in the contract. If the partner doesn't meet those terms, we may decide to impose fines and fees. We will also serve as the tolling authority.

Local and regional contractors, subcontractors, designers, material suppliers and other such vendors will provide a large share of the work needed to design, construct and maintain the roadway.

What's the private partner's role during the 50-year contract?

The private partner will be responsible for managing the design, construction, finance, operation of the project as well as the maintenance of the managed lanes and the existing general purpose lanes. According to the contract, the private partner is required to hand the facility back to us in good condition at the end of the term.

What prevents the private partner from making huge profits?

Revenue over a pre-determined and agreed amount is to be shared with NCDOT on an increasing scale. The more revenue the developer earns, the larger the share of that revenue goes to the state to improve the area surrounding the corridor. This prevents the possibility of exorbitant profits for the partner.

Can the contract be terminated if the partnership fails?

Yes. NCDOT retains rights to terminate the contract if we determine that it is in our best interest, if the developer defaults or if something happens beyond the control of either party, such as a natural disaster.

What is an "unplanned revenue impacting the facility" and does NCDOT have to reimburse the private partner?

Current agreements may provide for possible compensation to be paid to the private operator if the construction of facilities that were ***not planned when the agreement was executed*** results in a proven reduction in revenue for the partner. Private investors take into account everything that may be included in the region's long-term plans, whether currently funded or not, when making their traffic and revenue projections.

What are the next steps?

State law requires certain reporting to the Joint Legislative Transportation Oversight Committee. This report is being prepared now and should be provided to the committee members in the coming weeks. After a 60day waiting period, the contract can be executed and the contracted design, permitting, and site investigation work can begin. Then the private partner's loans and private equity will be secured leading to "financial close." We anticipate that financial close will occur in the fourth quarter of 2014. After financial close, permits will be secured and construction can begin. Construction is expected to be entirely complete in 2018.